

**LODI CITY COUNCIL  
SPECIAL CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
MONDAY, OCTOBER 6, 2008**

A. Roll call

The Special City Council meeting of October 6, 2008, was called to order by Mayor Mounce at 7:00 a.m.

Present: Mayor Pro Tempore Hansen, Council Member Hitchcock, Council Member Johnson, Council Member Katzakian, and Mayor Mounce

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Regular Calendar

B-1 Presentation Regarding Revised 2008-09 General Fund Revenue Estimates (CM)

City Manager King provided a presentation regarding the revised 2008-09 General Fund revenue estimates. Specific topics of discussion included lower projections from initial estimates, General Fund numbers, goal of 15% unrestricted reserve funds for cash flow and catastrophic emergency purposes, General Fund revenue historical comparisons, revenue declines in various cities, decline in sales tax revenue as indicated by HDL, major industry group declines for quarter, auto sales, consumer goods, building construction, proposed revisions in General Fund revenues in the budget, property tax and sales tax declines and proposed revisions, early budget modification plan, proposed sub-committee to make recommendations on how to address shortfall, recommendations from the Budget Committee and City Manager, State budget application on revenues, and mid-year adjustments.

Council Member Hitchcock requested copies of the information and numbers discussed by the City Manager at the meeting.

In response to Council Member Johnson, Mr. King stated he is not sure what the State will do with respect to the article regarding the \$8 million payment to the federal prison system; although, he does anticipate that the next year will be a more difficult one for the State in light of the market.

In response to Myrna Wetzel, Mr. King stated he is not sure if the Governor will reopen the budget as reported.

In response to Council Member Hitchcock, Mr. King stated an option may include a furlough day, which is dependent somewhat on department sizes, and if there is some consideration for such an idea, it will likely go to closing an entire day rather than reduced hour days.

In response to Council Member Hitchcock, Mr. King stated he anticipates the matter coming back to Council at the first or second meeting in November.

In response to Council Member Katzakian, Mr. King confirmed that the tax information is for the first quarter of the calendar year and the City does make quarter to quarter comparisons. He also stated that HDL should be providing up to date information soon.

In response to Council Member Katzakian, Mr. King stated CalPers depends on employer and employee shares for portfolios and when CalPers does not make the 8% figure it is generally the employers that make up the difference. Mr. King stated he does not anticipate a big increase in

light of the 15 year roll out; although, in the future there may be a change to a defined benefit program based on market performance.

In response to Mayor Pro Tempore Hansen, Mr. King stated the 2.5% may be the adjusted employer share for the next year, which will be indicated when the City receives a letter stating the same. Mr. King stated the 15 year leveling will be applicable.

In response to Council Member Johnson, Mr. King stated a possible suspension of the City's matching 3% deferred compensation contribution could be an option, along with other options.

In response to Council Member Katzakian, Mr. King stated the budgets outside the General Fund are not dependent upon sales and property tax revenues; they work independently and therefore are not a part of the current discussion.

In response to Mayor Pro Tempore Hansen, Mr. King stated staff will continue to monitor revenues and expenses as planned in 12-month increments and make adjustments as necessary, because while we want to stay on top of the budget, we do not want to get too ahead of ourselves.

In response to Mayor Pro Tempore Hansen, Mr. King stated that, while options may include layoffs and program reductions, he did not believe there would be any sort of across the board type of application. Mr. King stated the current budget accounts for position vacancies and as an option they could be strategic in filling positions.

In response to Mayor Mounce, Mr. King stated the typical criticism of zero based budgeting is the time and effort involved in constructing this type of a budget and generally the savings is eaten up in the process. Mr. King stated there is a modification of the zero based budgeting being used now in the annual review piece.

Discussion ensued between Council Member Hitchcock, Mayor Mounce, Council Member Johnson, and Mr. King regarding the need for Council to approve policy type decisions prior to recommendations being made, the Council's ability to modify any recommendations, and distribution to the Council of any list with proposed options prior to the Committee meeting.

In response to Mayor Mounce, Mr. King stated there is a non-comprehensive list of possible options with proposed numbers. Mr. King stated nothing gets the \$1.8 million outright so we will need to take a variety of options.

In response to Council Member Hitchcock, Mr. King stated it will be Council's decision on whether to go with the \$1.5 million figure or the \$1.8 million option for added cushion. He also stated that the City currently budgets at what it has already and justifications are required every year for anything additional in the budget.

C. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:03 a.m.

ATTEST:

Randi Johl  
City Clerk